



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 8, 2004

H.R. 3717
Broadcast Decency Enforcement Act of 2004

*As ordered reported by the House Committee on Energy and Commerce
on March 3, 2004*

H.R. 3717 would increase the maximum civil penalty for broadcasting obscene, indecent or profane material. (Such penalties are recorded in the budget as revenues.) Under the bill, CBO estimates that revenues resulting from these penalties would increase by less than \$500,000 in 2004 and by around \$5 million over the 2005-2009 period. CBO estimates that implementing H.R. 3717 would not have a significant effect on spending subject to appropriation and would not affect direct spending.

H.R. 3717 would increase the monetary penalties assessed by the Federal Communications Commission (FCC) for broadcasting obscene, indecent, or profane material. For broadcast licensees, the maximum penalty for each violation would increase from about \$25,000 to \$500,000. The maximum penalty for individuals would increase from about \$10,000 to \$500,000. According to the FCC, prior assessments for each violation have been around \$50,000 per year recently—however, annual collections have varied widely. For example, the FCC did not collect any penalties for indecency violations in 2003 but has collected \$800,000 during the first five months of 2004.

CBO estimates that under H.R. 3717, collections of penalties for broadcasting obscene, indecent, or profane material would increase by less than \$500,000 in 2004 and by around \$1 million per year over the 2004-2009 period. The increase in collections could be much higher or lower considering that the number of penalties varies widely from year to year.

H.R. 3717 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would be unlikely to impose costs on state, local, and tribal governments. The bill contains no new private-sector mandates as defined in UMRA. To the extent that public broadcasters would be affected by the increased penalties for indecency, they would incur additional costs. CBO estimates that those additional costs, if any, would be minimal because complaints regarding indecency against publicly owned broadcasting outlets are rare. The bill contains no new private-sector mandates as defined in UMRA.

The CBO contacts for this estimate are Melissa E. Zimmerman (for federal costs), Sara Puro (for the state and local impact), and Jean Talarico (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.